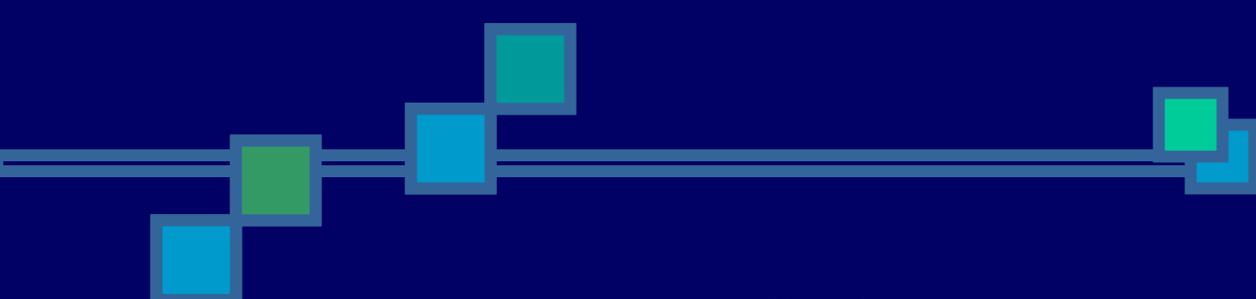


Water Right Fee Proposal

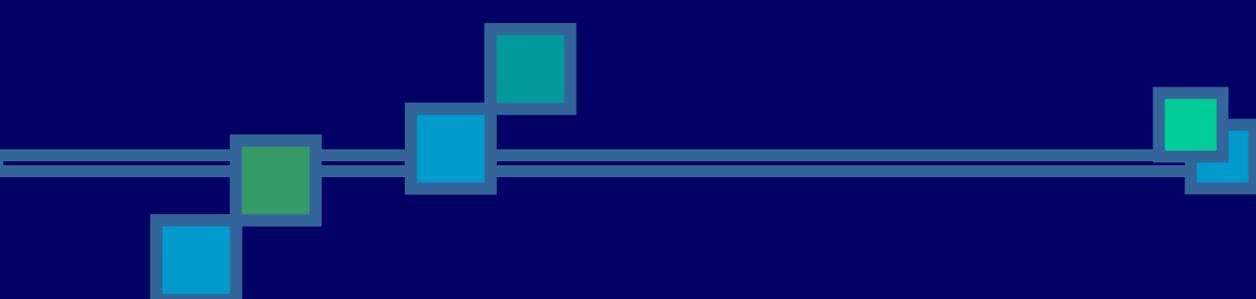


Victoria Whitney
Assistant Division Chief



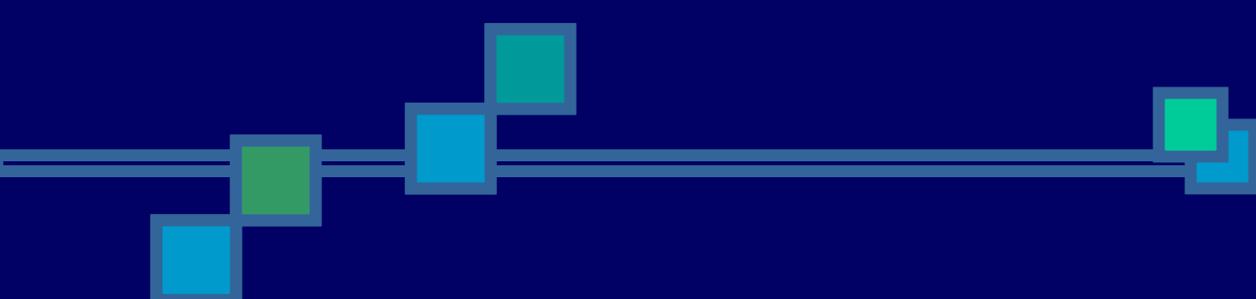
Purpose of the Proposed Emergency Regulations

- To implement a fee schedule to raise existing fees and implement new fees consistent with Senate Bill 1049
- 



Goal and Objective

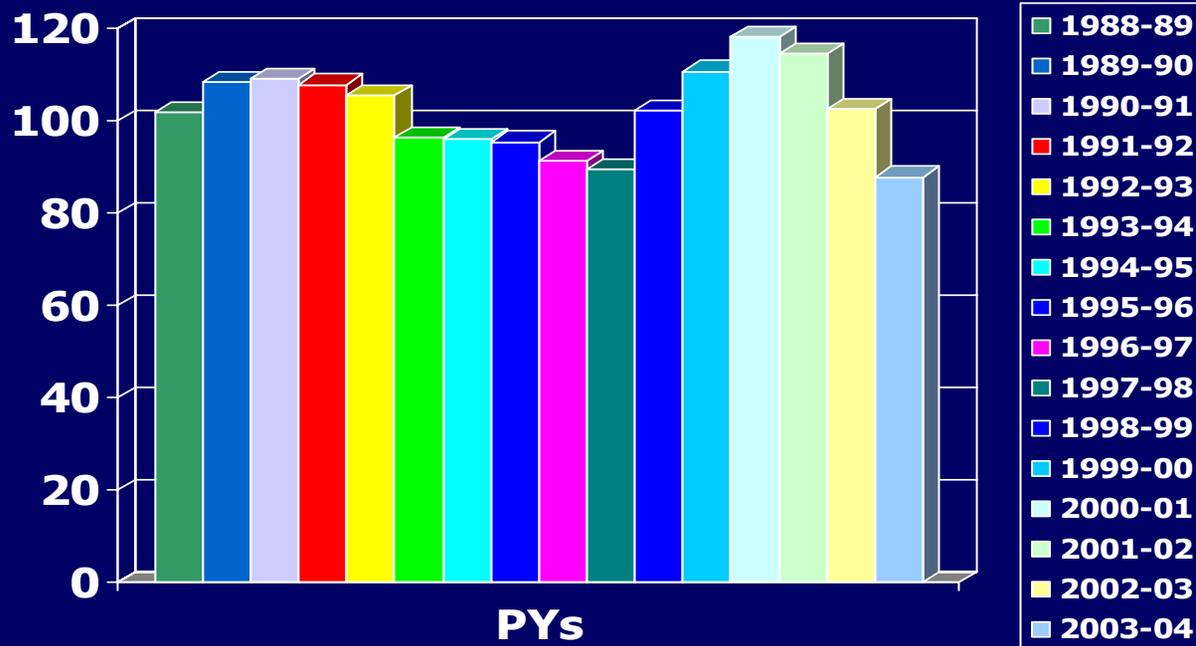
- Goal: To raise \$4.4M in revenues to support activities of the Division of Water Rights.
 - Objective: To establish the fee schedule and collect the fees as soon as possible.
- 



Today's Situation

- Budget Act of 2003 has reduced the funding for the Division of Water Rights by 37% over the past two years and reduced staffing levels by 25%.
- 

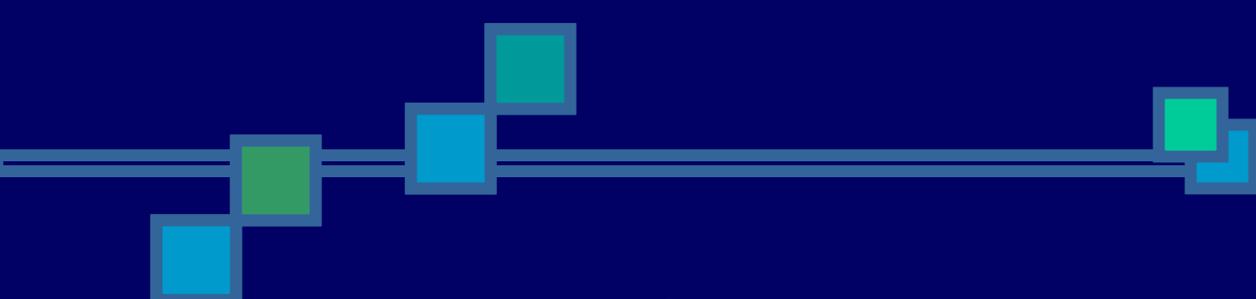
Historical Staffing Levels



Historical Staffing Levels, cont.

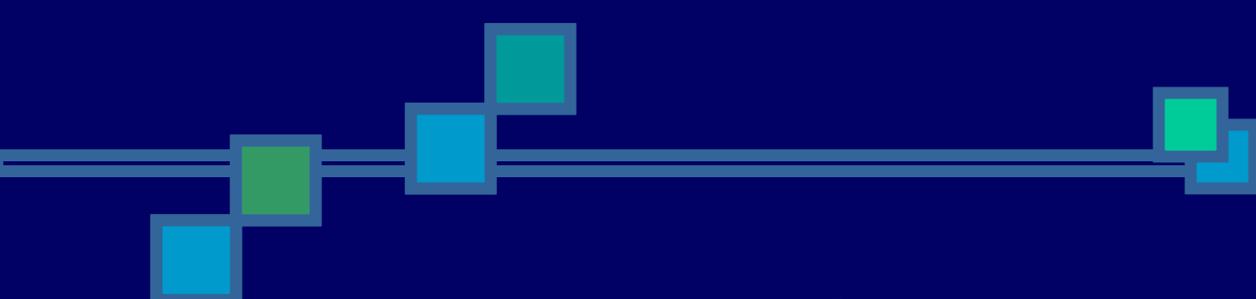
Year	Staffing Level		No. of Processed Applications
	Engineers & Engineering Technicians	Attorneys	
1961	50	5	19900
2003	42*	5	31455
Difference	-16%	0%	+58%

*Division staffing also includes 21 scientists who are responsible for implementing environmental protection laws that did not exist in 1961



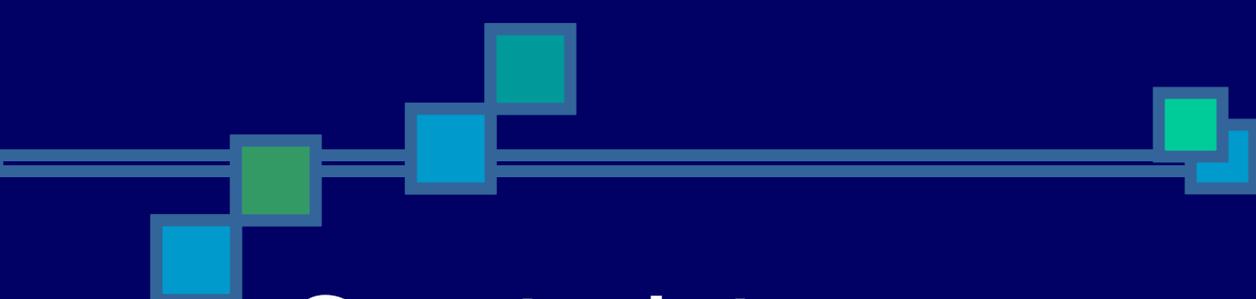
How Did We Get Here?

- The water rights program has historically been supported predominantly by the General Fund.
 - The State's budget crisis resulted in a legislative review of all General Fund supported programs.
 - Current Fees produce on average less than \$50,000 in revenue (about 0.5% of the cost of the program).
 - Last fee increase was in 1985
- 



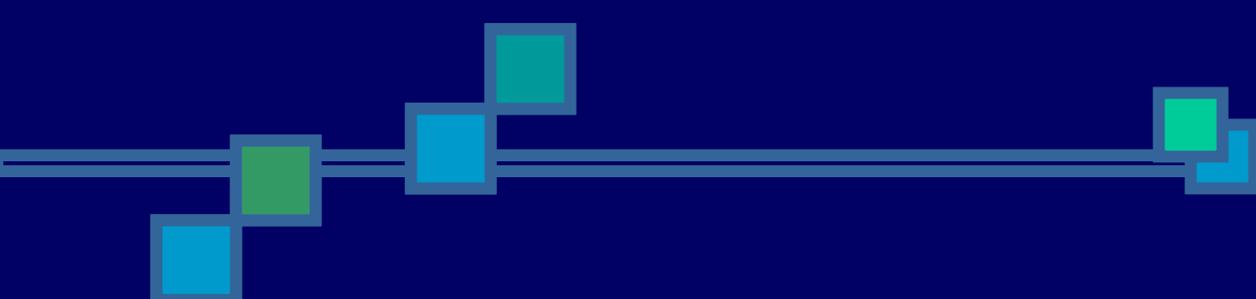
How were the recommended fees determined?

- Constraints
 - Assumptions
 - Methodology
 - Recommendation
- 



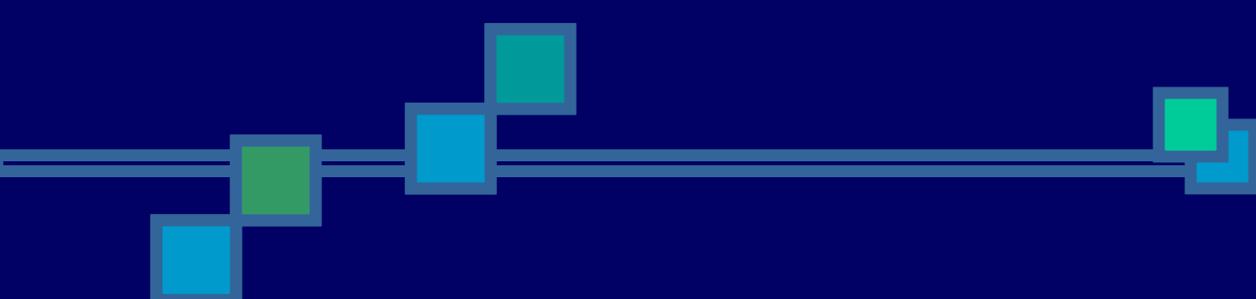
Constraints

- Fees must generate \$4.4M in revenue
 - Funding source must be relatively stable
 - Fees must be implemented by January 2004
 - Division must be able to calculate the fees using its database
 - Database modifications must be minimal
- 



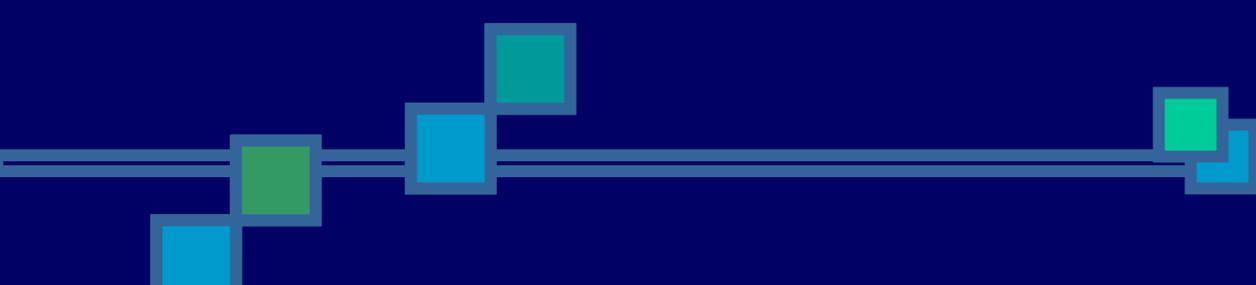
Assumptions-One time fees

- Fees should reflect costs but not be so high that they are prohibitive
 - Actions that require a hearing in all circumstances should be assessed an additional fee
 - Registrants who hold small domestic and livestock registrations should pay the same amount as the smallest water right holders
- 



Assumptions-One time fees (cont.)

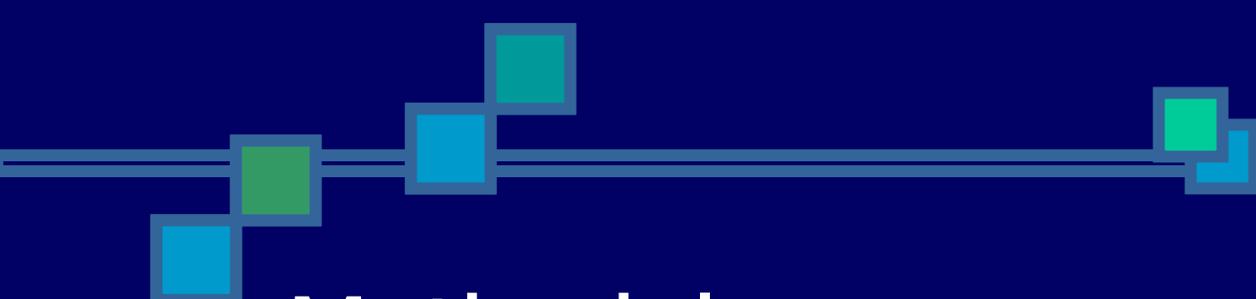
- Fees associated with adjudications should generate the estimated cost of the adjudication
 - Fees associated with 401 certifications for FERC licensed projects should generate revenues consistent with the Budget Act
 - Groundwater recordation program should be self-supporting
- 



Assumptions

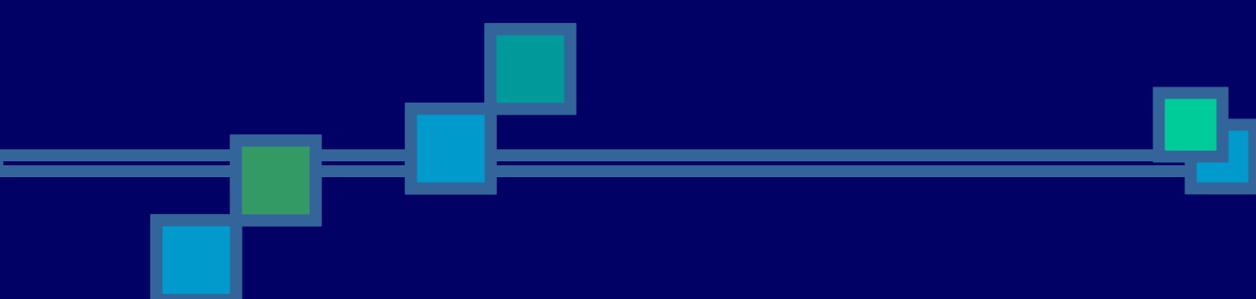
■ Annual Fees

- Revenues not generated from one-time fees should be generated from annual fees.
 - 40 percent of billed revenues are not collectable.
 - Sovereign immunity
 - Defunct water rights
 - Budgetary Restrictions
 - FERC-licensed single purpose hydropower projects should receive a 70% discount.
- 



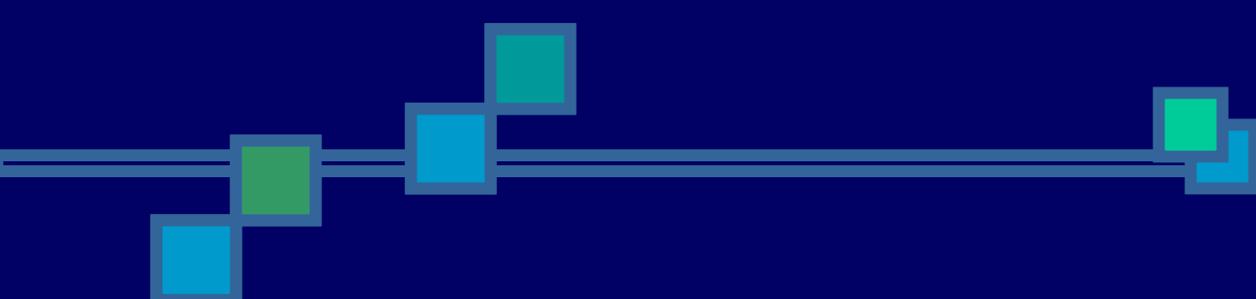
Methodology

- Calculate estimated revenues from one-time fees
 - Calculate revenue from other annual fees (such as 401 fees)
 - Determine remaining revenue needs
 - Multiply by 1.4 (target revenue)
- 

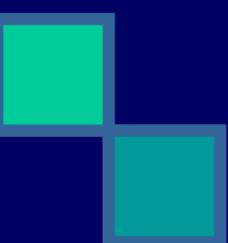


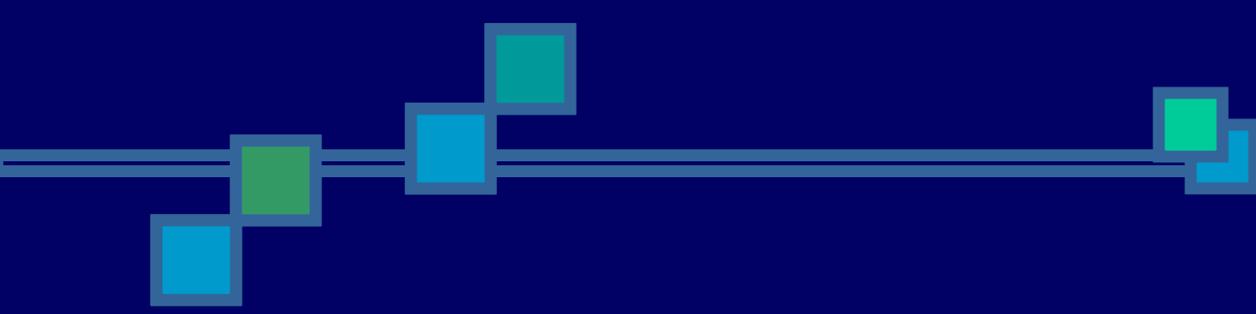
Methodology (cont.)

- Allocate annual fee revenues among water right holders by
 - Calculating the annual diversion allowed under each permit/license (face value).
 - Reduce that amount by any limitation that applies to that permit/license.
- 



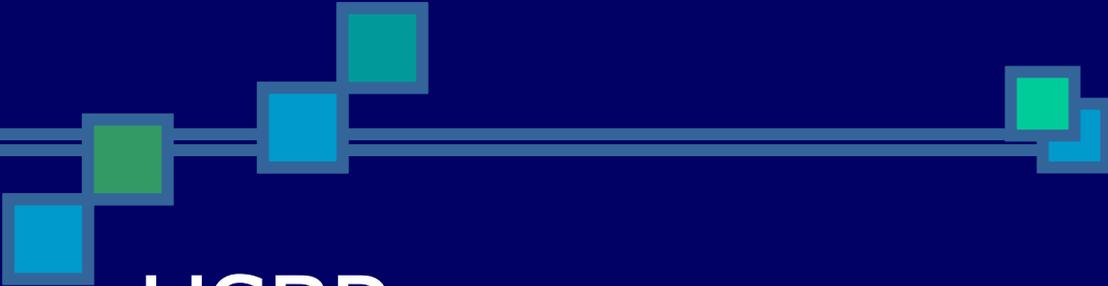
Methodology (cont.)

- If the permit authorizes power use and the diversion is subject to a FERC license, multiply the amount by 0.3. This effectively applies the discount.
 - Determine the cumulative authorized diversion.
 - Divide the target revenue by the cumulative diversions authorized to determine the per acre-ft rate.
- 
- 



Methodology (cont.)

- Determine the revenues generated by those subject to the minimum fee.
 - Subtract this from the target revenue.
 - Recalculate the per acre-ft rate for the remaining permittees/licensees.
- 



USBR

- USBR holds rights to about 30% of the water authorized for diversion
 - USBR has historically claimed sovereign immunity
 - Statute authorizes a “pass through” to those who contract for “delivery of water.” (Section 1540.)
- 



USBR (cont.)

- Draft regulations specify a formula for those who contract for CVP water.
 - Contract entitlement
 - For settlement contractors, supplemental supply entitlement
 - Draft Regulations do not currently specify allocation methodology for other projects.
 - Statute specifies that allocation of fees does not:
 - Affect ownership of the water right
 - Vest equitable title in the contractors
- 

Recommendation

Fee Schedule Summary

One-Time Fee Categories (Collected by SWRCB)	
Fee Category	Proposed Fee
Application	Greater of \$1,000 or \$10 per Acre-Foot per Annum
Petition to Revise Declaration of Fully Appropriated Streams filed with Application	\$10,000 in addition to Application Fee
Petition for Assignment of a State Filed Application	\$5,000 in addition to Application Fee
Applications filed between July 1, 2003 & Effective Date of Regulations	Difference between Application Fee above and fees paid previously.
Change Petition	\$1,000
Change Petition Pursuant to Water Code §1707	\$850
Time Extension Petition	\$1,000
Wastewater Petitions	\$1,000

Recommendation (cont.)

Fee Schedule Summary

One-Time Fee Categories (Collected by SWRCB)	
Fee Category	Proposed Fee
401 Certification for Water Development Projects not subject to FERC Licensing	Fee Based on Project Specific Costs
401 Certification for Projects not Involving Water Development	No Change, Based on Water Quality Fee Schedule Adopted 9/30/2003
Water Lease Application (for leases under Water Code § 1020 et seq. not involving water districts)	Greater of \$1,000 or \$10 per Acre-Foot Leased
Small Domestic and Stockpond Registration/ 5-year Renewal Fee	\$500
Proof of Claim under Water Code §2575 et seq.	\$500
Groundwater Recordation under Water Code §4999 et seq.	\$150

Recommendation (cont.)

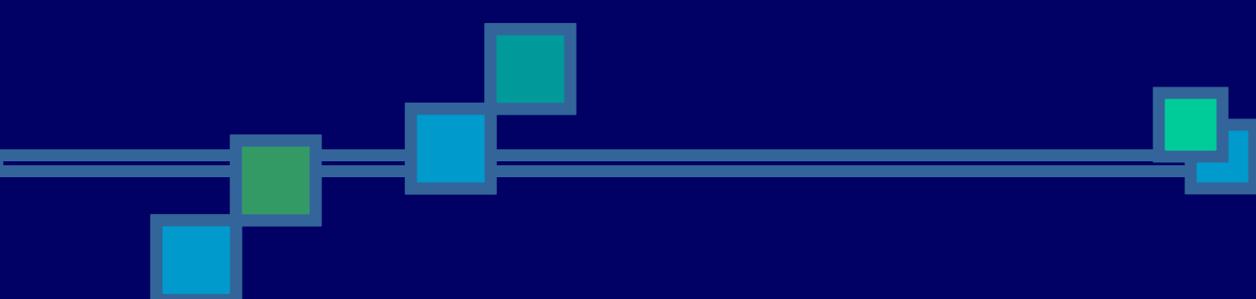
Fee Schedule Summary

Annual Fee Categories (Collected by State Board of Equalization)	
Fee Category	Proposed Fee
Permits & Licenses Annual Fees	Greater of \$100 or \$0.03 per Acre-Foot per Annum
Pending Application Annual Fee	Greater of \$100 or \$0.03 per Acre-Foot per Annum
Petition Annual Fee	\$1,000
Water Lease Annual Fee (for leases under Water Code § 1020 et seq. involving water districts)	Greater of \$1,000 or \$10 per Acre-Foot
Projects under review for 401 Certification for FERC licensing	\$500 plus \$0.085 per Kilowatt
Projects issued FERC licenses pursuant to 401 certification	\$10 plus \$0.01 per Kilowatt



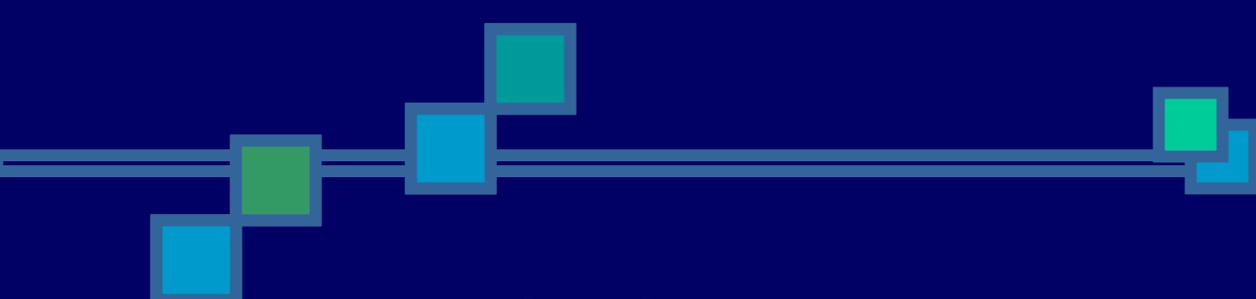
Administrative Issues

- One time and filing fees will be paid directly to SWRCB.
 - SWRCB will contract with the BOE to issue and collect annual fees.
 - Statute requires that emergency regulations be adopted each year consistent with the Budget Act.
- 



Where do we go from here?

- Review all comments (specific proposals are more useful).
 - Revise draft as appropriate consistent with direction from the Board.
 - Present revised draft regulations for Board's consideration at a future Board meeting.
- 



Concluding points

- There is no “right” answer.
 - Fees in subsequent years can be affected by
 - General Fund allocations
 - Amendments to water rights
 - Adjustments to account for differences between actual and projected revenues the previous year.
 - This is a “zero sum game.” Any reductions given to one group will result in increases to another.
- 



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FEE WEB PAGE